DRAFT Action/Summary Minutes
Regular City Council Meeting
City Council Chambers, Sedona City Hall, Sedona, Arizona
Tuesday, February 23, 2010, 4:30 p.m.

- 1. Call to Order/Pledge of Allegiance: Mayor Adams opened the meeting at 4:30 p.m.
 - > Reading of Citys Vision Statement: Councilor DiNunzio read the citys Vision Statement.

2. Roll Call:

Council Members: Mayor Rob Adams, Vice Mayor Cliff Hamilton and Councilors Pud Colquitt, Mark DiNunzio, Jerry Frey, Nancy Scagnelli and Dan Surber

Staff present: City Manager Tim Ernster, Assistant City Manager Alison Zelms, Administrative Services Director Andi Welsh, Community Development Director John OBrien, Development Services Supervisor Jim Windham, City Attorney Mike Goimarac, Economic Planner Jodie Filardo, City Engineer/Public Works Director Charles Mosley, Arts and Culture Director Ginger Wolstencroft, Officer Bill Hunt, Assistant City Engineer Andy Dickey, Finance Manager Barbara Ashley, Finance Services Supervisor Abigail Hernandez and Recording Secretary Alison Carney

3. Summary of Current Events by Mayor/Council/City Manager.

Mayor Adams recapped events he attended. On Wednesday, February 22, theres the Greater Sedona Substance Abuse Coalition. This Friday at 8:00 a.m. is Breakfast with the Mayor at Orchards. Alison Zelms stated the breakfast is hosted by Main Street so theres a limited number of people expected. On March 2, there will be a candidate forum hosted by the Rotary at Los Abrigados at noon. On Saturday, March 6, is the St. Patricks Day parade. On March 9 is the primary election and the Tuesday Regular City Council meeting will be moved to Wednesday, March 10.

No legal action was taken.

4. Reports and discussion on Council assignments.

Councilor Scagnelli attended the Barbara Antonsen Park meeting. They expect to have prices for what that structure will cost soon.

- Councilor Colquitt met with the library. Nothing to report there. There was one small problem, but Tim stated were on our way of solving that problem now. She also met with the Sedona Community Center.
- Vice Mayor Hamilton stated the Verde River Basin Partnership is moving forward with becoming a nonprofit. That was federally created by Senator McCain.
- Mayor Adams stated he went to the Arizona League of Cities and Towns last Friday. They discussed the lawsuit regarding the impact fees. It was shot down by the Supreme Court. The League discussed if they were going to continue the suit. There was discussion of legislative action regarding collection of sales tax. He went to a NAIPTA meeting and well be hearing that later. There will be a NACOG meeting tomorrow at 10 a.m. Let him know tonight if you want to go. The Intergovernmental meeting is on Thursday at 6:00 p.m. at the Jerome Fire Department. If youd like to go please let him know. On March 1 are the Arts & Culture interviews for new commission members.

No legal action was taken.

5. Public Forum: Limit of three minutes per presentation.

This is a time for the public to comment. Council Members may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. 38-431.01(G), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism, or scheduling the matter for further consideration and decision at a later date.

Mayor Adams opened the floor to the public at 4:39 p.m.

Lauren Levinson, stated she received a phone call two weeks ago, that was politically driven. She had signs in front of her restaurant and she was threatened. The police found out who the caller was. She also had some damage that she did not report. As it gets closer to the election, its ridiculous the amount of people trying to interfere with the freedom of choice and who we want to vote for. She wanted to get that on the record.

Marc Sterling, Sedona, stated hes worked with a lot of people and businesses in town. There have been a lot of threats going on. He asked Lauren to come in. Its not

just her. Theres a tire store, a bakery, and a resident. We want our city to be safe. He asks that they find out whos doing this and put a stop to it.

Mayor Adams closed the public forum at 4:42 p.m.

No legal action was taken.

6.Awards and Proclamations:

a.Awards: None

b.Proclamations:

(1) Declaring March 1-7, 2010, as "Flowers for Food Week" Susan Barrington, Bob Coates and David Green accepted the proclamation.

Mayor Adams read the proclamation: **WHEREAS**, the plight of senior hunger is an issue affecting older citizens, both in Sedona and nationwide; and **WHEREAS**, in this year of unusual economic decline, it is ever more important that non-profits, such as the Sedona Community Center capitalize on opportunities to raise both awareness and funds; and **WHEREAS**, staff members and volunteers of the Sedona Community Center will be participating in two significant fundraisers in March; a Walkathon being organized by the Verde Valley Senior Center in order to raise money for meals programs in Cottonwood and the promotion of a floral calendar, designed by local photographer, Bob Coates; and **WHEREAS**, raising awareness of senior hunger and participating in the efforts of the Sedona Community Center to help resolve it, highlights the significant value of the efforts of Sedonas local non-profit organization. **THEREFORE**, the City of Sedona proclaims March 1-7, 2010 as **Flowers for Food Week**.

Susan Barrington thanked the council and turned it over to Bob Coates. We already have a 2011 calendar; we have all sorts of things to celebrate our meals programs.

Bob Coates stated its a great help in promoting to get money for Meals on Wheels. He picked up a route in Sedona but he didnt feel it was enough so he donated his skills as a photographer to help raise money. All proceeds are going to Meals on Wheels. Susan Barrington does way more than he does, he said.

Motion: DiNunzio moved to approve the proclamation. Seconded by Vice Mayor Hamilton. Vote: Motion passed unanimously with seven (7) in favor and zero (0) against.

7. Consent Items:

The consent portion of the agenda is a means of expediting routine matters that must be acted on by the Council. All items approved will be done by one non-debatable motion passed unanimously. Any member of the Council, staff or public may remove any item for debate. Items removed from the consent portion may be acted upon before proceeding to the next agenda item.

a. Approval of Minutes:

- (1)November 20, 2009
- (2) November 24, 2009
- (3)December 4, 2009
- (4) February 9, 2010

b.Liquor License(s):

(1)Approval of an application for a new Series 12 Restaurant Liquor License and Interim permit for the Golden Goose Cafe & Bistro located at 2545 State Route 89A. License # 12133462. (CD-Windham)

ISSUE: State liquor laws require the City of Sedonas governing body to enter an order recommending approval or denial of applications for liquor licenses.

- (2) Approval of four applications for a Wine Festival/Wine Fair Liquor License in conduction with the Sedona Farmers Market on March 7,14,21,and 28, 2010 located at The Sedona Airport on Airport Road for Arizona Stronghold Vineyards. (CD-Windham)
- ISSUE: State liquor laws require the City of Sedonas governing body to enter an order recommending approval or denial of Wine Festival/Wine Fair Liquor License applications.

c.Approval to move the March 9, 2010 regular meeting to Wednesday, March 10, 2010 at 5:30 p.m. (Clerk- Welsh)

ISSUE:

d. Approval of an amendment to the Right-of-Way Lease Agreement between the City of Sedona and Polar Bear, Inc. (dba "Cowboy Club") pertaining to the use of the plaza situated in the City right-of-way located at the corner of SR 89A and Jordan Road. Polar Bear, Inc. is proposing to add six tables and 24 chairs to the plaza. (CD- OBrien)

ISSUE: Staff is requesting Council consideration of an amendment to a previously approved 25-year right-of-way lease agreement with POLAR BEAR, Inc. (Mr. Tom Gilomen/Cowboy Club Restaurant), to allow for the installation of six tables and 24 chairs for public use at the plaza situated in the City of Sedona right-of way and located at the SR 89A/Jordan Road intersection.

Motion: Councilor DiNunzio moved to approve consent agenda items 7 a, b and d with the exception of 7c. Vice Mayor Hamilton seconded. Vote: Motion carried with seven (7) in favor and zero (0) opposed.

Councilor DiNunzio stated staff has moved the Council meeting from March 9 to March 10 and set the start to 5:30 p.m. without reason. He wanted to see if Council preferred to start at 4:30 p.m. instead of 5:30 p.m.

Motion: Councilor DiNunzio moved to approve 7c with the change to start the meeting at 4:30 p.m. Seconded by Councilor Scagnelli. Vote: Motion passes unanimously with seven (7) in favor and zero (0) against.

8. Discussion/possible action on a presentation by Tom Belshe, Deputy Director of the League of Arizona Cities and Towns, and Rob Heimbuch of RDS regarding third party sales tax collections for the City. (CMO-Filardo) (45 minutes)

Tim Ernster stated at the November 20 retreat, one issue discussed was financial sustainability. Staff moved forward with setting up self collection through a third

party. Council adopted an ordinance a month ago. As far as self collection of sales tax we told you wed bring representatives to speak on the issue. Jodie Filardo has been working to move these issues forward.

Jodie Filardo stated were going to be hearing information on third party sales tax collection. Tom Belshe and Rob Heimbuch will speak tonight. Theyll lay out their expectation on how their relationship will work. This is intended to be an informational session and the first warning shot.

Tom Belshe stated hes been working for the League since 1993. During that time weve had cities that are self collecting and certain cities that had their tax collected by Arizona Department of Revenue [ADOR], like Sedona does. During his 15 years working with the League, hes seen cities and towns feel they need more help and would like to move along to self collection for several reasons. We work closely with the Department of Revenue. His comments arent meant to be derogatory toward the department. Weve heard that sometimes it was difficult to make the numbers balanced between what was going to Arizona Department of Revenue and what was going to the city. Because it was always so expensive for a community to go out on its own and hire the staff and buy the software, it became cost prohibitive to do that so we encouraged them to work with the Department of Revenue. About two and a half years ago we met with RDS for the first time. We had some discussions about their process. It was about a service they provided. Theyd be the partners of the city. Theyd collect the tax. They have a robust reporting system. They can create beautiful reports for you. Most of this information would be comprehensive collective in nature, not about an individual tax payer. The reports would be customized to the needs of the city. The Department of Revenue holds on to the cities money for 4 to 5 weeks. One of the things attractive about RDS, is once the taxes are posted, the money is returned to the city within 24 hours of posting. You can capture more interest on your money that way. This process isnt free of course. There is a cost to it. We always check with our sister leagues to see what kind of reputation they have in other states. We talk to Alabama, Georgia, Louisiana, we found out they have a good reputation. Cities rave about the service they receive. Bullhead City speaks highly of their relationship as well. His role is to say the League is a partner with them. This is a very local decision. Most of the cities that are investigating RDS investigate many possibilities. Those are things we welcome. This is still a good deal.

Rob Heimbuch stated he wants to give a flavor of what the process is. You need to know that RDS is a publicly traded company. We focus on management functions

that help our clients enhance their revenue and get more information to manage their community. He breaks his company down to four areas: tax administration; compliance audit examination; revenue discovery/recovery; aged-receivables management. There are 70 cities in Arizona that have the same challenge Sedona has because the reduction of staff at Arizona Department of Revenue. You will receive a report from us 18 times during the month, those reports are online. Youll know which businesses have paid and which have not paid. Its useful for your staff. Because taxes are due the 25th or 28th, RDS, by the first day of the following month, will have a report to you and we know who has not paid their taxes. Rather than do nothing we call that taxpayer and say we havent received your taxes and ask if theres a problem. Thats all we need to say. We realize business owners get busy and it can happen but we dont want it to continue into a problem. We want the city to get all the revenue it is due. We have a 90 day transition period. We dont need to have business licenses here but it helps us when those are in place. The people of Bullhead city felt confident they had 2,500 business licenses, when we collected the data there were 1,400. Its important that we know who pays monthly, quarterly and annually. Your choices are to go buy software and do it yourself or look at an RDS company and be their partner. The price of the software is expensive, \$1 million. Then you have to have the staff. We take care of all of that for you. 25 years ago our clients came to us and said the softwares great but will you do it for us? Our software is robust enough so that theyre modified for the city. We will send forms to your taxpayers. Your taxpayers will know through outreach from staff and RDS, theyll receive information stating well become the new payment center for local sales tax. This requires your taxpayers to fill out another form. That has been an interesting issue. If Sedona wanted to find software and do it yourself, your taxpayers would have two forms. So either way theres still two tax forms. We like to do an online file and pay system. Once youre set up you hit a function key once a month. We take a great deal of pride that Tom comes with us and talks about the program because it means a lot that the League supports us. Self collection provides control over your revenues. Hes heard 6-8 weeks for ADOR to get the money to you. He cant imagine putting a budget together when hes 3 months back on revenue collections. One of the things we always say is were trying to level the playing field. Some say its not fair to our taxpayers to hire a company to do the auditing. Its not for the city to not even the playing field. Desperate people do desperate things in desperate times. Sometimes businesses need that money for operating. But we need to level the playing field. You need more confidence in the information your getting and we want to give that to you. What does this cost? When you dont get your money for 6-8 weeks the state is earning interest on it and you should be earning interest on it. If theres one constant theme

he hears is that finance people put the report from ADOR and put it in their own spreadsheet. RDS will give you the spreadsheet you already use. Weve had conversations with ATRA, they misunderstand what RDS is and well leave it at that. Youre not at the mercy of ADOR to get you the money you deserve. RSD believes you deserve better. Bullhead City has continually said they have more control and are more confident in the information they have. Theyre happy with the immediate transfer of funds. There were people in Bullhead City that hadnt paid taxes because they didnt know they were supposed to so that was a real advantage for them. Because of confidentiality, Bullhead City finance department feels that even though the service we provide has a fee to it that what has happened in the first 9 months has more than paid for our fee. We cant guarantee that. Our clients have always increased collections because of the information we have. Its important you understand we work for you.

Mayor Adams opened it to Council for questions.

Councilor Colquitt stated you talked about the services but didnt give a number. Is there a formula?

Rob stated we have staff that takes calls from taxpayers when they have questions. We dont profess ourselves to be experts on Arizona tax code. Some questions go to the Unified Audit Division. Our fee is a percentage of the monthly gross taxes collected. The first year is 1.2%, years. In years 2-5 it is 1.3%. The auditing is done on an hourly basis if you choose to hire us for auditing too. If we go in and its found that a taxpayer is delinquent or owes money, that money that is found is your money. If you ask us to collect it, we have a 21% contingency fee for collecting past due taxes. Its an ongoing monthly fee.

Councilor Colquitt asked if it changes every month. Rob stated it changes based on your monthly collection.

Councilor DiNunzio asked what percentage of Bullhead City business pay online. Bob answered 30- to 40% right now. In other states, over 50% do online file and pay. Thats an advantage to everyone. That number will move up as we go forward.

Councilor DiNunzio asked if they categorize businesses by type. Does it include sales as well as taxes paid? Rob stated yes. There was a concern in Yuma about a lot of people seeing the data.

Tom stated the reports you get are cumulative, not individual taxpayer information. There has to be a designated person who receives the individual information, but thats it. Confidentiality is something they take seriously. That was something we were concerned about.

Councilor DiNunzio asked if businesses are able to opt out and continue to pay ADOR. Rob stated theyre cut and dry. If you take large national chains they know us because we do business with them everywhere. If you have someone who had a business in Sedona, Prescott, Flagstaff, if theyre paying taxes in Sedona and Sedona goes from non-program to program, youll have a separate IGA with ADOR that says Sedona taxes will no longer go to ADOR, but to RDS.

Vice Mayor Hamilton asked if the program results in a net reduction in city staff. Is there a way to substitute current employees for the program? Rob stated its not fair to say theres a reduction in staff. Right now your staff isnt doing this anyway. Will you have to hire more staff? That depends on how aggressive you want to be. There hasnt been any increase or decrease in their customers with staffing.

Vice Mayor Hamilton stated hes wondering if the city will get a return on it. Are there other firms that do this? As a council looking at due diligence, this is wonderfully informative. He doesnt want to be insulting. What are the other options?

Tom Belshe stated that was a question the League asked too. There are only a handful of states that have this ability. Weve looked high and low. We mentioned this to all our sister Leagues asking them if they knew anyone who provided this. There are software companies that offer software but none that offer the back office tax administration. Weve looked.

Rob stated its important he knows who the competition is and their strengths and weaknesses. Theres a company that does business in Colorado. In Alabama theres a couple who do this on their kitchen table. Theres Innovare. Theyre doing business in Colorado. They like to bring staff in. You buy their software and staff.

Councilor Surber asked how many cities are doing this in Arizona. Tom stated there are 14 cities that are self collecting in Arizona. Other cities dont allow it because its their state law. Rob stated Georgia is in the process of rewriting their state statute that will allow this. Our company is working with legislators in Georgia.

Councilor Surber stated for every \$1 we pay you we get so much back, is there a rule of thumb? Rob stated even if our economy was level, we could use Bullhead City and say this is the interest. Three years ago some of our marketing literature said that our clients have had an increase of 3 to 5 to 10% increase.

Mayor Adams asked for an update on the lawsuit.

Tom stated the bill has been caucused by both parties in the House. It is our hope to amend the bill to allow RDS to continue to do what it does. Were confident thats going to happen. Were trying to make sure that 1. Confidentiality; 2. Auditing isnt done on a contingency fee basis; 3. And make this a user friendly process. RDS has a lot of proactive things. Thats something weve tried to reflect in the bill. Were hopeful that the amendment will happen fairly soon. Its anybodys guess what will happen at the legislature, but well keep your staff informed.

Mayor Adams stated the services you offer arent in conflict with the amendment? Rob stated thats correct. When the bill was introduced it says it was illegal to do contingency based auditing. We support that. Our auditing is always on an hourly basis. Debt collection is a contingency fee. Bullhead City in their contract says anything over 9 months, well collect for them.

Mayor Adams stated the amendment wont be in conflict with Sedona moving forward? Tim Ernster stated thats correct. We mentioned that sales tax audits normally result in a 3-1 return and in many cases much higher. Most of the cities in self-collection are in the Valley and have increased their tax collection.

Mayor Adams asked for advantages and disadvantages of using the same firm to do collection and audits. Rob stated when we go out and audit, we audit on an hourly basis. The concept makes people get upset. When an audit is done and a dollar amount determined, that number is turned to Sedona if you want to collect it you can collect it yourself. Were owned by a debt collection agency. Its all we do. So we can give more attention to those delinquencies. If we did the audit, our auditors arent collectors. The Phoenix folks who did auditing were talking about confidentiality and information that auditors can see. Hed suggest that a collection agency have more information than the city.

Tim stated the city is in the process of putting out an RFP for sales tax auditing. So we do have other options than going through RDS for that service. Theres a RFP right now for the sales tax audits. As far as the sales tax collections are concerned, were still months away. We have to wait and see what happens with this legislation

because that could affect our ability to do self collection.

Jodie Filardo stated we prepared a RFP for tax services auditing that will hit the streets March 3. It will be posted on our website and in the newspaper for four consecutive days. Once its been out on the street for a whole month, the process will close and well receive responses to the RFP at City Hall. Well evaluate the proposal. In the RFP, were asking for some information from the respondents as to how they might approach business licensing as well.

Councilor Frey stated we pay our taxes on the 25th, so your company would kick anything that comes in within 24 hours. Then when we send our sales tax to ADOR, what percentage gets lost down there? Tom stated it depends. We hear from communities that the Town of Queen Creek had \$1 million deducted from their check. ADOR said they made a mistake and put \$1 million from another town into their account so they had to take it back. He cant say theres a percentage overall, but we do hear those things.

Councilor Colquitt asked about the bills timeframe. Tom stated its not apparent to us that it will move from there. Its our desire to have the bill amended so it can move. This week was the last week bills have to be heard. It has to go to floor by a certain time then to the other house at a certain time. We always hope they do it 90-100 days. We may not have a quick resolution of this.

Councilor Colquitt asked Tim if he has a sense when hed like to see the city come to this. Tim stated we were looking at October or November before wed be ready to pull out. We need to work with the business community so they understand what were proposing and how itll affect them. Weve had meetings with the Chamber of Commerce and the Lodging Council. Well meet with the Sedona Gallery Association. We hope by the time we get ready to pull out, the business community is comfortable. We can keep moving toward this goal while the legislation moves through its process.

Councilor Colquitt asked what would happen to the cities that were self-collecting if and when the state puts a stop to it. Tom stated Bullhead City is the only city so far. Theres a certain amount of time they would be grandfathered in. They may put a retroactive date on the bill. Its our bigger goal the amendment will be accepted.

Councilor Colquitt asked if there are penalties we have to pay to the state if we make a mistake in our reporting. Tim stated once we pull out, the state will still get

its report. Tom stated the city doesnt have any liability; it lies with the company and the taxpayer.

Vice Mayor Hamilton asked if theres an advantage to having the one doing the collection also do the auditing. Where does someone determine to do an audit? Is there some advantage to keeping those two things together? Rob stated wed love to do it for you. We may respond to the RFP. The advantage is timeliness. Hed like to think if we did the process whole ... the process doesnt stop if you dont want us to audit. Thats not a showstopper.

Vice Mayor Hamilton asked how its decided to do an audit. Rob stated the ADOR would do the field audits based on Sedona asking for assistance or discrepancies in the reports. You could have a good month and a bad month that doesnt mean youre doing something wrong. An audit can be nothing more than a phone call. We know the people in the construction business have low numbers now.

Jodie Filardo stated there are three ways in which were envisioning someone would make it on to the audit list. 1. The audit firm will analyze data available and make recommendations on companies that look out of kilter; 2. Our staff internally can analyze data we have; 3. In Bullhead City there is a network of people that call in and turn in fellow businesses. Those are three way audits often happen.

Councilor DiNunzio asked if the city money that goes to RDS is held in a specific account. Rob stated thats correct. We undergo two audits internally annually. Thats looking at your money. This is your money its not RDS.

Councilor Scagnelli stated so she would fill out two forms one to the state then one to RDS for the city. Then you would give us all the money and wed pay you. Rob stated yes, wed send you a bill. Its your money.

Mayor Adams asked if we need a motion at this point. Tim stated no, if you give us direction to work toward this, thats direction enough.

Council agreed to direct staff to keep moving forward.

No legal action was taken.

9. Presentation/discussion/possible action on a report from the Northern Arizona Intergovernmental Public Transportation Authority regarding

operation of the Sedona Roadrunner system. (CMO-Welsh) (45 minutes)

Jeff Meilbeck, General Manager for NAIPTA, stated we are a transit coop. Mayor Adams serves on the board of directors for NAIPTA. Jeffs purpose is to report on progress since July 2009 to December 31, 2009. We were tasked with items from a citizen review commission. From August to December 2008 a commission was formed to evaluate performance of the RoadRunner and modify and make recommendations to Council. The members of the group were: Marie Brown, Bill Elch, Cindy Hauserman, Mary Ann Johnson, Wendy Lippman, Armor Todd, Max Licher, Jennifer Wesselhoff, John Toliver, Carol Wirkus, Greg Zucco. The committee recommended: increased ridership; serve more groups of people; improve financial viability. The recommendations were adopted by Council one year ago. NAIPTA put them into force July 2009. There was a commission report distributed prior to this meeting. Weve cut the service in half. Were stopping at the municipal lot. The goal was to reduce the budget, try to get private and local government funding. The six months results: 1. to reduce program budget. The budget was \$756,000, this year its dropped to \$562,000. Thats a decrease of 26%. 63% of the operating budget is paid for by Federal Transit. The commission felt the cost per service hour was too high at \$95/hour so weve reduced that to \$87. The commission felt the cost of boarding was too high. We set a range of goals. The commission wanted the cost per boarding to get down to \$2.55/boarding. It came in at \$3.45/boarding. Boardings per hour was another key benchmark. The high goal was 37.5 boarding/hour. We accomplished 25.25/hour missing the low goal of 26.25. Verde Lynx is the renamed system from Cottonwood to Sedona. For the first six months our cost came in at \$154/hour for service, way above the goal. Theres a lot of start up costs captured here. Its trending down. Its now at \$119/hour. The cost per boarding for Verde Lynx; the low goal was \$16.55, and the first six months was \$34/trip. Boardings per hour for Verde Lynx are 4.51/hour, which means we missed the low target of 5.78. In February we have seen steady increases in ridership. Were starting to wonder if we have enough seats. One recommendation was to improve the marketing program. Weve made the shuttle sign more visible to tourists. We slightly changed the passenger guide saying free shuttle on top. The Web site is improved. Were increasing online marketing efforts with links to major businesses. We havent done some more tour bus promotion and re-brand the RoadRunner as a shopping shuttle. We have some designs going now. He showed pictures of the Verde Lynx launch a few months ago. The other recommendations were to pursue private funding. We dont have any results to share with you. Collaborative jurisdiction funding has worked well as far as grants we received. 100% of new Verde Lynx buses were paid for by FDA grants, 95% of new facility

Mayor Adams opened it to the public at 6:11 p.m.

Carol Wirkus, Sedona, a member of the citizen review commission, stated its clear that Roadrunner cannot be considered successful. Neither is it meeting their passenger goals. Roadrunner has 8 passengers per hour. The purpose is to serve as a shopping shuttle if you assume a passenger gets off twice that would count as three boardings. This means if the bus makes the loop four times/hour, an average the bus carries is two passengers. If it makes the loop three times an hour thats an average of three passengers. It doesn't make sense to fund that bus. The Verde Lynx has 4.5 boardings/hour. We could rent an individual taxi for each person at that rate. The time for excuses and what ifs is gone. Its clear that this is a poor use of taxpayers dollars. Its tempting to think the money from the federal government doesn't matter. She strongly recommends not funding.

Mayor Adams brought it back to Council.

Councilor DiNunzio asked what a service hour is Jeff stated its a bus hour on the street

Councilor DiNunzio stated if you have a bus going to Cottonwood that would count as 2 hours. Jeff stated its a 1.5 hours per trip.

Mayor Adams asked Jeff if hed like to respond to the speaker particularly regarding the Verde Lynx.

Jeff stated ridership on the Lynx has increased. The first weeks of February were hitting that initial target. Weve had good publicity. It takes time for people to change their habits. We wondered if wed have to turn people away on the first morning run because all the seats are taken. He looks forward to coming back after a few months after it picks up.

Councilor Colquitt asked for the response from the business community. Jeff stated we included some members from the business community in the commission and at a meeting January 12. There was consensus that we need to move away from explore Sedona to a shopping Shuttle. Those discussions continue.

Councilor Colquitt stated theyre the ones impacted so shed like to know if they were seeing a difference. Shed like to see that in the future.

Councilor Scagnelli stated shell respond to Councilor Colquitt. She has two businesses and we tell people to use it to get from Uptown to Tlaquepaque. Weve reduced the circulator by almost half. Have you had any feedback on that? Jeff stated he hasnt had negative feedback on that.

Councilor Scagnelli asked what the goals were in the previous year. Jeff stated it started at 14-15 boardings/hour. Councilor Scagnelli stated she understands the frustration, but from a personal perspective, we have less people in town so if ridership is going up with less people were making progress. We put new signs at shuttle stops. The one by the Chamber Visitor Center, the sign faces the street. She sent someone down there and they couldnt find the shuttle stop. If we put signs so you can see if from both directions that dbe better. People cant find the shuttle stop.

Andi Welsh stated the reason is its an ADA concern. If you turn it, someone can walk into it if its too low. We can take a look at it. Councilor Scagnelli stated she knows it has to be high but it needs to be turned.

Councilor Surber asked if theres a fare for the Lynx. Jeff stated its \$2/trip or \$40/month unlimited. Jeff stated the methodology in terms of setting the target was new and unique.

Councilor Surber asked if per head that gets on the bus is relevant to where they get on. Jeff said whenever they step on the bus, we count them.

Councilor Surber asked if there is a study on cost/service if we went to the Spirit Mobility type of vehicle. Jeff stated having run those Spirit Mobility vehicles on Verde Lynx get 10 miles /gallon. The Roadrunner gets 6 miles/gallon.

Councilor DiNunzio stated it costs \$120/hour so it costs \$180 to run a bus down and back and the gross revenue is \$80, so youll always be operating with some subsidy is that fair? Jeff stated thats fair to say.

Vice Mayor Hamilton stated this relies heavily on federal funding. How reliable is that federal funding in the future. Jeff stated thats the same question that NAIPTA board of directors raised. Weve been sharing what the sources of federal funding are. We compete for the funding across the state. It has consistently been increasing for the past 10-15 years. It jumped to \$7-8 million/year recently. He cant speak for the federal government. That is a reason why some communities decided to have a

dedicated funding source. The NAIPTA board of directors has asked us to look at funding sources region wide. Flagstaff has done it.

Vice Mayor Hamilton asked if that private funding would come from hotels to transport employees. Jeff stated the idea behind getting private sector funding is some resorts have their own shuttles now. If they can rely on Verde Lynx they no longer have to pay for their own fleet so maybe they can support this program.

Vice Mayor Hamilton asked how much of the \$250,000 budget is allocated to Roadrunner and how much to Lynx. Jeff stated he doesnt have the budget memorized. Its about a 60/40 split. The RaodRunner is about 40%. Three of the 8 trips/day are paid for by Cottonwood for the cost of Lynx.

Vice Mayor Hamilton stated in terms of its affect on business, if you look at 350 businesses in the area and you look at total shopper hauling capacity, you cannot redistribute enough shoppers to make one shopper per hour difference in those business. It could never have significantly contributed to the shopping situation if it always ran full. Its very calculable. If you compare it to traffic reduction, you couldnt make any kind of detectable difference in number of cars based on average number of people per car. Hes pleased to see Verde Lynx improving. At the current rate we could get each person a rental car. The numbers are clear that we couldnt make a detectable difference to business or car use.

Mayor Adams stated he was one of the biggest critics of RoadRunner when he was on Council. We kept seeing the buses running empty. The committee came up with good ideas: creating Verde Lynx to transit workers back and forth and residents. Weve accomplished a reduction in general fund to \$205,000. We also participated \$75,000 in the establishment of the facility in Cottonwood. Weve made great strides in reducing the citys commitment in terms of dollars. Were heading in the right direction. He knows theres another committee looking at options. Were using a vehicle that extremely expensive to maintain. The Verde Lynx is showing to be a success and we are hitting our target number. Were just starting our marketing efforts to make the community aware of this service. Hed like to see it continue and to look at alternatives to the vehicle were using on the RoadRunner and to market the Verde Lynx. Hed implore Council to support that idea. He thinks Verde Lynx needs another six months to get a hard evaluation and encouraged the committee working on alternatives to make a presentation.

Councilor Scagnelli asked if the boardings/hour on the RoadRunner, were calculated the same from the previous year. Jeff stated whenever someone steps on the bus we count the boarding.

Councilor Scagnelli asked if theres a shelter at Tlaquepaque. Is there going to be something? Jeff stated yes and better signs along SR 179 and at the Chamber stop. Councilor Scagnelli states all of that impacts how the RoadRunner gets used.

Councilor Scagnelli has no problem giving Verde Lynx more time. The problem with the RoadRunner is we never finished the construction. As far as Vice Mayor Hamiltons observations, its true wed have to increase a lot to get cars off the road, but its part of enhancing the experience.

Mayor Adams stated Verde Lynx is servicing the population that needs public transit. It provides a great service to get back and forth between here and Verde Medical Clinic. The last target audience for him is the shoppers. He doesnt think theres many people in this town that are aware the Verde Lynx exists. If the shelters go in along SR89A that will help get the message out there. He agrees that all tax dollars are tax dollars. But transit is something that doesnt generally pays for itself.

Councilor DiNunzio stated staff is beginning its budgeting process, are you asking for funding similar to last year? Tim Ernster stated we met with Jeff last week and informed them well recommend reductions to NAIPTA consistent with what weve done with the rest of the budget. Once we have a number in mind well let Jeff know so he can let us know what the impact would be on the services. Staff would like to see NAIPTA look at doing a demonstration project to introduce an electric vehicle into the mix. Staff is contacting APS to see if theyd provide funding for a charging station in Uptown. NAIPTA is willing to look at that, but its time to look at other alternatives. Hes exchanged emails with Mr. Zucco and the NEV study will come to Council the second meeting in March.

Vice Mayor Hamilton stated it doesnt matter what kind of signage or shelters we put up, if you do the calculations of the number of businesses and the number of trips the bus makes and the capacity of the buses, you cant distribute enough passengers to make a shopper/hour/business difference. Its nice to say lets give it another chance but it isnt going to change that reality. Its time to make hard decisions about that and stop making excuses on why those numbers dont add up.

Councilor Scagnelli asked what the lifespan of the RoadRunner is. Jeff stated its a seven year vehicle thats been operating three years.

Mayor Adams thanked Jeff.

No legal action was taken.

Mayor Adams recessed at 6:47 p.m.

Mayor Adams reconvened at 6: 58 p.m.

10. Discussion/possible action regarding a process and Call to Artists for art in the roundabouts with SR 179 project. (A&C-Wolstencroft) (30 minutes)

Ginger Wolstencroft stated since your approval of the project in June 2009 theyve been meeting. It was decided to focus on the creation of artwork for the "Y" roundabout and the Brewer Road/89A roundabout. The theme is reflected in the Art & Culture Commission statement of beliefs. Research was done on other projects. The artwork must not detract from the safety of the site, and it must not distract drivers or attract pedestrians. As part of the selection process the ADOT will evaluate the finalists for safety issues. In terms of the funding, proposals will be accepted for \$100,000 for both roundabouts. All municipal construction process allocate 1% of their total cost to the Art in Public places fund. Theres currently \$115,000 in that fund. The Sedona Women have pledged \$10,000. The final artwork selection will take place this October. The public unveiling will be part of the Arizonas 100 birthday of statehood. Mei Wei Wong is here to answer any question.

Mayor Adams opened it to the public, not seeing any he brought it back to Council.

Councilor Scagnelli asked what other communities have done. Ginger stated we were looking at roundabout safety issues. We looked at other places that have done these projects. We looked in Bend, Oregon, and Bisbee, Arizona.

Councilor Scagnelli asked how a sculpture wont draw attention to drivers and pedestrians. She wants to make sure artists understand. Ginger stated hopefully

theyll look at that site before they develop their proposal. You have to be mindful of what you put in there. Councilor Scagnelli asked what they did in Bend and Bisbee. Ginger stated they dont get specific.

Councilor Surber asked if the city has height limits. Ginger stated ADOT doesnt have any. There are no parameters the artist will be set at. Logically youll propose something that fits in that site. In the past when you have a final proposal well have three finalists wholl have to create a model in clay. \$500 is the compensation to provide two marquettes for up to three finalists. We may not have three finalists. The artist that is chosen can make 50 marquettes to sell but not with city funds.

Councilor DiNunzio stated he supports art in the roundabouts. Hes driven around a lot of roundabouts in Europe full of fountains and art and they work. When he drives around it hes going to notice it. He hopes that the artists understand that. Does ADOT have a say in the safety factor.

Ginger stated well submit the marquettes for ADOTs review. They havent given us anything specific other than that.

Councilor DiNunzio stated the installation cost is the citys cost. Is the artists time to create part of the \$100,000? Ginger said yes. She envisions one installation for each sculpture. She cant give a firm figure on that. It may be \$1,000. It is an unknown.

Vice Mayor Hamilton stated he got a sense something got lost in this proposal. When this process started the vision was that artists would compete or contribute their work and groups would sponsor getting art in all the roundabouts and it would be a community effort with that sort of sponsorship. Now its the city thats going to buy two pieces of art. That sponsorship got lost. Is that a true assumption? What do we do with the other five or six roundabouts? Ginger stated when the Sedona Women came forward and when we got into discussion it was overwhelming to talk about all the roundabouts. We decided to go along with the two near the "Y". Thats where people said the focus is. Because we do have public funds set aside for art, we decided to start the process knowing that we have a lot of time to get to the next roundabout. The committee can do more focus for that process.

Vice Mayor Hamilton asked if theres a phase 2 planned? It seems we havent done a serious outreach to bring other organizations in. Ginger stated now the committee needed to focus on those two roundabouts. Now we can start looking at other areas and more funding outside the city.

Councilor Frey asked what kind of artwork Bisbee did. Ginger stated she doesnt know she was looking at a call to artists. He said he was nervous too about losing the creativity. Ginger stated in Bend theres an elk, deer, fish. One thing we want to do is leave the creativity up to the artists.

Mei Wei stated were hoping it incorporates elements of the red rock or native animals in Sedona

Councilor Frey asked if ADOT had problems with these ideas. Ginger stated no.

Mayor Adams asked Mei Wei if theres been discussion with the Village of Oak Creek. Mei Wei stated weve talked about making sure theres continuity between what were both doing. The marquettes will be on display and we hope well get some feedback from the public as to what they see is the best solution.

Mayor Adams thought we were doing all the roundabouts. What is the vision for all the roundabouts, will there be continuity there? Mei Wei stated the theme developed from the first two will carry throughout the others.

Mayor Adams stated he thought it would be rotated, but youre looking at permanent art? Mei Wei stated for these two, but possibly rotating for the other.

Mayor Adams asked where \$100,000 came from? Ginger stated for two roundabouts we felt \$100,000 was a good rate, not knowing if its going to be bronze. Its up to \$100,000. Artists will submit a budget proposal so its likely it wont cost \$100,000.

Mayor Adams asked if one artist will do both roundabouts. Ginger stated yes, because we want continuity. The art will be different but with continuity.

Mayor Adams stated there are no guidelines about height or width. Ginger stated were leaving it to the creativity of the artists from their standpoints based on the fact that they have to fit within the walls that are there. That needs to be their responsibility to come back with a proposal.

Mayor Adams asked how the selection process will be done. Ginger stated the Art in Public Places Committee will gather public opinion from the marquettes; theyll make a final selection that theyll recommend to Arts & Culture Commission, which will be moved to Council for their final decision.

Robert Albrecht, Sedona, stated hes on the commission. When were dealing with a monument sculpture its going to go under review. Rather than put a restriction on it, it is going to be evaluated and weighed as we do the critique. We do have a brick wall that it has to fit into. ADOT has said when youre going around the roundabouts you only have to look left, you dont have to see across the roundabout for safety. There are only certain materials that are going to hold up to the weather.

Motion: Councilor Colquitt moved to approve the process and Call to Artists for art in the primary roundabout located at the "Y" intersection of State Route 179 and State Route 89A and for the secondary roundabout located at the intersection of Brewer Road and State Route 89A developed by the Art in Public Places Committee. Councilor Frey seconded. Vote: Motion carried unanimously seven (7) in favor and zero (0) against.

Discussion/possible action on adopting a "Notice of Intention" to increase wastewater rates, and to amend, add to or increase rate components, fees and service charges. Discussion/possible action will include consideration of setting a future date, time and place for a public hearing on proposed increases and additions to wastewater rates, rate components, fees and service charges. This future public hearing is a prerequisite to any increases in or additions to wastewater rates. (CMO & PW) (45 minutes)

Tim stated on January 27 staff and consultant made a presentation to Council on the 10-year rate study. There were alternatives made to Council at that meeting. Council directed staff to return with more alternatives. Weve done that. Were asking Council to adopt a resolution that establishes a date for a public hearing. Youre setting a date for the hearing. Once you adopt a resolution you cannot adopt a rate structure higher than that. You can adopt something lower than that. If you select option 4, you could adopt a rate structure less than that amount but not more. Tonight you need to decide which option you want to select. Theres a little strategy involved tonight in selecting an option. Youre not adopting any rates or selecting

rates this evening.

Alison Zelms stated were reviewing other options. City hasnt increased monthly fees in over 14 years. We had prior meetings on January 27 and yesterday with the restaurant community. A lot of different opinions were expressed but option 4 was the most palatable. Whatever notice you improve, the increase cant be higher than what you noticed the public with. Wastewater study includes the sales tax subsidy being reduced in the next five years, adding a new capacity standby charge, adjusting current base rates, maintaining a \$7 million reserve for the next 10 years and becoming more self-sustaining enterprise fund. Option 2a is coming back. Staff looked at a more conservative approach to the new capacity standby fee. Staff is more comfortable implementing that at the .5 ERU range. This shows the impact to the reserve level and the rate increases and what you end up with as a residential unit after 10 years. This includes the base equity adjustment which has no impact on residential users. Option 4 is that same option but it doesnt make any adjustment to the base in that first year. Option 5 includes the initial base equity adjustment but it has lower percent increases in the first three years of the plan. You have to do significant increases in the middle years in order to meet the revenue goals. Option 2a is the blue bar chart. Option 4 represents what would happen if you dont implement the equity adjustment in the first three years. Option 5 shows youd adjust the base and have smaller increases upfront but youd have to have larger rate increases in later years to all user types. The requested action tonight is not to pick a specific option but to approve a notice of intention to increase wastewater rates and set a date.

Mayor Adams opened to the public at 7:33 p.m.

Carol Wirkus, Sedona, stated shes a fiscal conservative for residents. She doesnt know why Sedonas rates are so high. The city charges more for sewer than other communities. It wouldnt be right to charge more for sewer service than what service is worth. It would not be right to demand only those receiving sewer service cover the expenses. The residents have had no choice on whether to hook up. It makes sense for the city to have a goal of operating the plant as an enterprise fund, but it wouldnt be right until you get operating costs down to a reasonable amount. Its appropriate for the city to continue to cover these costs.

Bobbie Surber, Sedona, stated your study is complete and makes a strong case for increases. She suggests our timing is wrong. Many of our restaurants are just hanging on. The thought of a sewer increase is more than they can handle. If a

restaurant closes their door well lose their sales tax and sewer rate. How do we know next year will be better? Many have stated that Phoenix has raised its rates, but when a restaurant closes there another opens behind. She respectfully requests they continue the conversation with restaurant owners. Lets continue to do what we do best and support our local businesses.

Mayor brought it back to Council.

Councilor DiNunzio stated he was confused as to what were discussing tonight. Are we going to decide which one of the three we choose tonight? Alison Zelms stated if you turn to page 11-63 and 64, the back side of those is what we would recommend putting out to the public. It shows the pay increases so the public knows what the highest possible rate would be. If you did option 4 you cant go higher than that and thats the lowest one. Option 2a provides more flexibility in the first five years. Youre adopting whatever your highest threshold is. So you are choosing one of the three.

Councilor Scagnelli stated it is terrible timing so its unfortunate we didnt do this a few years ago. She knows we have to do something but it is bad timing. If we set this notice tonight and we have this public hearing and we get feedback and realize we need to delay it do we still have that option? Alison stated we do, but wed just have to adjust the rest of the budget. Wed have to adjust the amount of sales tax revenue going there, thats not a problem. You dont have to increase the rates after that and you dont have to increase to the highest amount.

Councilor Scagnelli stated it is bad timing for our businesses. She doesnt know whether we delay it or move forward and see what feedback we get.

Councilor Surber asked if the meeting with restaurants was a good mix of restaurant sizes. Alison stated it was larger, more established restaurants. That was who was available to come. It was clear that the less they be impacted was the preferred option. There were a lot of things that came up that they didnt all agree on. Not everyone liked all the ideas by their counterparts. Itd surprise her if anyone wanted their rates increased now.

Councilor Surber asked if how we charge per units is still on the table. Basically we charge per seat, is there any other option as far as what theyre actually doing at this point because they have a lot of empty seats right now. Tim Ernster stated that came up at the meeting. They said that whatever we do, they want to feel as if

theyve been treated fairly. If theyre rates are going up it should coincide with residential rates. They also said we need to revisit the issue of how theyre charged. Theyve asked us to come back at a later date and look at other ways to assess charges to restaurants and businesses.

Councilor Surber stated its time to look at it but we are in difficult economic times but the time of when we look at it is the question.

Vice Mayor Hamilton stated its all based on assumptions of income and expense. Hes curious about how confident we think we are for the next 3-4 years about our assumptions of incoming expense numbers. Incomes we can guess at, but expense, are we solid with these numbers or will they be blown of the map in 2 years. Alison Zelms stated as far as operational costs for the plant are fairly fixed. The largest thing that might fluctuate is the capital costs associated with the plant. The biggest one would be the upgrade to meet the management of 2 million gallons/day. As we continue the study that can fluctuate. In the next 3-5 years wed want to relook at it. If we arent meeting the needs or we are, wed have to adjust what the subsidy of what the sales tax is to the wastewater fund is. It will be a moving process, but this is our best guess based on fairly proven assumptions.

Vice Mayor Hamilton stated the question of doing things that are fair and just and reasonable and have reason to do, do all the options all fit into the notion of fair and just? Mike Goimarac stated weve had discussions with the consultant. When they use the term reasonable, theres no cases on it. If you feel comfortable that you can justify that its reasonable under all the factors, not just scientific, if you can make a rational, reasonable argument, then if anyone challenged our ultimate decision wed be able to carry the day. Theres not a lot of analysis on how strict we have to comply with that. You just have to be able to make a rational argument.

Vice Mayor Hamilton stated you couldnt pick a worse time. We said let the tourists pay for it when we set this up. It concerns him when a previous Council made certain commitments and they dont see the difference between now and then. Did a Council make commitments or expectations that we should look at? His final thoughts are the emails the public has sent about raising sewer rates. Are these people giving us a strong direct message about how badly people are living close to the edge out there? There are a lot of folks living close to the edge out there. Hed like to do the equity adjustment so people are paying a proper rate for the strength of the output theyre putting out.

Councilor Frey asked if we have one public hearing if we notice this tonight. Mike Goimarac stated yes, thats what the law requires.

Councilor Frey stated it is bad timing. Citizens expected some subsidy on wastewater.

Councilor Colquitt asked for the impact if we dont move forward. Tim stated youll transfer 46% of revenue to the wastewater fund. Itd be a painful budget process.

Councilor Colquitt stated if we move to adopt the motion is that set in stone? Tim stated, no, you can decide not to move forward after the hearing.

Councilor Colquitt stated shed like to have the hearing. Theres never going to be a good time. At the same time its bad for everyone, its bad for the city now too because revenues are down.

Mayor Adams stated we discussed this in November and we all agreed with the exception of Councilor Frey to move forward with wastewater rate increase. At that time we didnt know what it was going to be. The economy hasnt gotten worse. Hes perplexed why Council isnt moving forward. Theres been pressure from the restaurants. The restaurants at the meeting supported option 4. The idea is being fiscally responsible and trying to balance our budget. We havent gone down the path of property taxes or grocery taxes. We were all in agreement that this would be the least impactful. Its all about long-term fiscal responsibility.

Councilor Scagnelli stated we agreed on that in November. We did. The one thing that has changes since November was December and January. Business was bad especially for the small restaurants. Its not fair when your seats are empty that you get charged for 50 seats. Alison Zelms stated no one was jumping for joy to have an increase, but if they have to have one, they supported option 4. Some are willing to show water history. That would only matter if you go with the equity adjustment. They werent jumping for joy to have option 4.

Councilor Scagnelli stated shes in favor of option 4. It doesnt have an equity adjustment. If she had a 50 seat restaurant she might just pull out a couple tables. Alison stated that was mentioned at the meeting. If someone wants to dispute the rate theyre being charged there is a process for that in our current code.

Councilor Scagnelli stated theres the possibility that if we adopt option 4, and we decide to move forward with that, we could delay it 6 months to start it in January or February 2011. Tim stated thats correct. You could decide for January instead of July. Alison Zelms stated the rate study and anything you adopt doesnt replace the annual budget process. If we see we dont need the rate increases, we would maintain looking at that at an annual basis.

Councilor DiNunzio stated he doesnt know what the restaurants wastewater costs are compared to their other utilities. Is this a backbreaker or not? Hes equally concerned for these residents who live on a fixed income and is looking at this increase and they dont have a way to increase income to pay for that cost. As the recovery starts the restaurants and city will do better but not those living on a fixed income. He has some concerns about shifting sales tax in the short term into the operating fund and he knows the constituency does. We have to be totally transparent. If we present these numbers people are going to see big numbers and theres going to be a significant amount of confusion. We need to be preparing to have our communication in order so were saying the next step is just discussion because its going to be perceived as a done-deal that they have no say in. Its a tough spot to be in. Hes in favor of moving forward with the understanding that a start date isnt cast in stone. Were in a tough spot. We need to increase revenue and we need to communicate with our public that were doing both.

Mayor Adams stated the public keeps asking what the city is doing to cut their expenditures. Weve cut them 23% in the past 18 months. Everyone has taken a significant hit here before trying to balance our budget off the backs of citizens. Its a tough decision. There wasnt any resistance in November. He thinks we need to move this process forward. Weve done a good job at making cuts where we need to.

Vice Mayor Hamilton stated arent we really just setting a ceiling tonight. Whatever ceiling we set well catch flack for, but its not the done deal. Were just setting the ceiling. He looks at the increase rates in option 4. Why wouldnt we just pick one of those and give some direction to staff to explore new units of measurement standards for restaurants. Were not really making a decision tonight. Why dont we set a ceiling and be done with it for right now?

Councilor Colquitt stated there will never be a good time to address this. If we want to get to an enterprise fund we have to take the first step.

Mike stated if you include it in the motion, there are other options that include the equity adjustments, so itd be better to pick an option that has it already. It doesnt mean youd have to pick that option.

Tim stated option 2a is what Vice Mayor Hamilton proposes.

Councilor Colquitt amended to 2a. Councilor DiNunzio was not agreeable to amend.

Mike stated the whole council can vote to amend the motion.

Mayor Adams stated the original motion has been made and seconded.

Councilor Surber asked if well continue to reach out

Tim stated we are and we will hold another meeting with the restaurants before the public meeting date and well reach out to other parts of the community.

Tim stated well continue to look at other alternatives to charging to seats. That may be something we need to look at in a longer timeframe. Restaurants understood that. Thats going to take some time to look at.

Councilor Scagnelli stated this goes back to Carol Wirkus, about being higher than other communities. She doesnt remember what other communities are and how do they charge businesses.

Tim stated there are a couple methods. One is driven by water consumption. Bullhead City used a similar rate structure to what Sedona uses. When you start comparing cities to each other youre comparing apples to oranges.

Alison Zelms stated even if a city is charging on water usage, they have the typical lowest rate possible of what youd use for wastewater. The main drivers of cost are the amount of line you have to install and how you were developed.

Councilor Scagnelli stated looking at the costs, were kind of in the middle. Regarding the business community and outreach. Do we know why nobody came tonight?

Alison stated it hasnt been advertised yet because there hasnt been a public notice. There have been newspaper articles.

Councilor Scagnelli stated that will be important in the future.

Tim stated we have been working with Jennifer Wesselhoff.

Councilor Frey asked how we are doing our outreach to the residents.

Alison Zelms stated we could include something in the next bill cycle before the April 13 meeting. Barbara Ashley stated it would

Vice Mayor Hamilton stated option 4 includes the standby fee so folks with a vacant lot will start paying. Alison stated yes. It doesnt include the equity study, but staff will continue to look at that.

Councilor Surber asked if its for the April 13 agenda. Alison stated yes.

Motion: Councilor Colquitt moved to adopt the proposed "Notice of Intention" (Option 4__) to increase wastewater rates, and to amend, add to or increase rate components, fees and service charges, and to set the public hearing for raising wastewater rates for April 13, 2010. Councilor DiNunzio seconded. Vote: Motion carried unanimously with seven (7) in favor and zero (0) opposed.

12.Presentation/discussion/possible action on intergovernmental relations with the Arizona Legislature. (CMO- Zelms) (15 minutes)

Tim stated last December we did reassignments and restructured the organization. We tried to establish more formalized intergovernmental relations. The idea is to closely monitor state legislation; participate with other cities about bills and get some direction from Council on what positions the city should take on legislation. Alison Zelms has taken that on. We plan on giving you an update on bills.

Alison Zelms stated shell touch on some of the over 1,000 bills introduced into the current session that would have an impact on Sedona. House Bill 2512 would impact the citys ability to self collect taxes. Staff has taken that council would oppose that bill as it wouldnt allow you to move forward with any self collection of

sales tax. Recently we sent out a letter to all the mayors of Arizona requesting that they oppose that bill because its a direct affront to local sales tax and local correction. Hopefully that will help the League in their battle. HB2257 is a bill that had originally required a vote to increase any portion of any tax. Thats been amended to require 90 days public notice before discussion of any tax. It would run affront of all the public noticing requirements and create a lot of confusion as well as delay discussion by at least 90 days. HB2450 would impact our ability to collect wastewater fees. Currently cities are allowed to lien properties when wastewater fees arent paid in a timely manner. If theres a renter not paying their bill they would only be able to collect from a renter. If you dont own the water company you dont have any way to turn off sewer service. The league is trying to work out some sort of amendment if the bill gets any legs. Impact fees, theres several bills, 2249 would require if a city collected the fees and didnt spend it on what it was collected for in 7 years, it would have to pay the fees back. Bill 2259 requires you can only charge a proportional share of what the developments impact is. Itd be difficult to prove and lead to a lot of litigation. These are bills introduced at every legislative session since development impact fees were allowed in Arizona. The League is working to insure that changes work within the purpose of development impact fees. We cant increase development impact fees for three years anyway. Senate Bill 1239 increases taxes on residential rentals. We dont have a residential tax. Its not a big concern but it would impact local control of taxes. HB2282, the government transparency bill, would require every transaction by the city either revenue or expenditure to be posted in a searchable format online within 30 days of the transaction. The League is working on something more reasonable, for expenditures over \$10,000 to be posted quarterly. There are no bills that impact state shared revenues except for the jobs bill, which proposes to decrease individual and corporate income tax. The state estimated itd be a \$400 million hit to the state. The house and senate referred a 1% temporary sales tax statewide to the general election in May. The public will vote on that in May. If that doesnt pass well be concerned about state shared sales tax hits from the state. Well work with the League to watch that. We have been working with the League to set up a Legislative day. We are scheduled to go to the League on March 18 and meet with our Representatives that just came in today. Well be able to sit and talk to them. The city submitted three projects for federal appropriations funding. Two are transportation and one is a project for the wastewater treatment plant for effluent management. Theyre they same projects weve been submitting for some time. That was done in house this year rather than through a lobbyist.

Mayor Adams stated hes concerned if the sales tax doesnt pass. The target will likely be state-shared revenue. There seems to be a hostile attitude toward the cities within the Legislature. He reminded Council we are going to have an executive session.

No legal action taken was taken.

13. Discussion/possible action on future meeting/agenda items.

Mayor Adams stated well meet tomorrow night to discuss lighting.

No legal action was taken.

- 14. Upon a public majority vote of the members constituting a quorum, the Council may hold an Executive Session that is not open to the public for the following purposes:
 - A. To consult with legal counsel for advice on matters listed on this agenda per A.R.S. §38-431.03(A)(3).
 - B. Pursuant to A.R.S. §38-431.03(A)(3) for discussion and consultation for legal advice from the City Attorney regarding liability issues surrounding those agenda items set forth in the upcoming February 24, 2009 City Council agenda including discussion/possible action on State Route 89A lighting and pedestrian safety alternatives including any possible alternatives to continuous roadway lighting, and discussion/possible action regarding the Arizona Department of Transportation's State Route 89A turnback study.
 - C. Discussion or consultation with legal counsel in order to consider its position and instruct its legal counsel regarding the Citys position in the following pending or contemplated litigation or contracts that are the subject of negotiation, or settlement discussions in order to avoid or resolve litigation per A.R.S. §38-431.03(A)(4), specifically:

1)Sedona Grand L.L.C., v. City of Sedona, Yavapai County Superior Court Case No. 820080129.

Following any discussions in executive session of the above matters, the City reserves the right to discuss and/or act on any of the above listed legal matters in open session.

Motion: Councilor DiNunzio moved to go into executive session at 8:32 p.m. to discuss liability issues regarding agenda items on 2-24-10 agenda regarding 89A lighting and pedestrian safety alternatives. Councilor Colquitt seconded. Vote: motion passed unanimously.

15. Return to open session. Discussion/possible action on executive session items.

Motion: Vice Mayor Hamilton moved to return to public session at 9:38 p.m. Councilor Colquitt seconded. Vote: Motion carried with six (6) in favor and zero (0) opposed (Councilor Frey abstained).

Mike Goimarac stated let the record reflect Council has come out of executive session and all conversations and discussions in Executive Session are confidential and privileged and shall not be disclosed except for under penalty of law.

16.Adjournment.

Mayor Adams adjourned the meeting at 9:40 p.m. without objection.

I certify that the above is a true and correct summary of the Regular City Council Work Meeting held on February 23, 2010.

Recording Secretary, Alison E. Carney	Date		 	